MAYOR AND COUNCIL AGENDA

NO. 19   DEPT.: Information and Technology /   DATE: November 30, 2004

ACTION: Approve Contract

TO: CGI-AMS

OF: Fairfax, Virginia

AMOUNT: $627,500

FOR: Professional Services and Software for Phase
One of the City's Financial System Upgrade

ACTION STATUS:

FOR THE MEETING OF: 12/06/04
   INTRODUCED
   PUB. HEARING
   INSTRUCTIONS
   APPROVED
   EFFECTIVE
ROCKVILLE CITY CODE,
   CHAPTER
   SECTION
   ☒ CONSENT AGENDA

RECOMMENDATION: Staff recommends approval of contract with CGI-AMS in the amount of $627,500

IMPACT: ☐ Environmental   ☒ Fiscal   ☐ Neighborhood   ☐ Other:

See "Availability of Funding" below.

BACKGROUND:
A CIP project to replace the financial and payroll/personnel systems is in the FY04 budget. CGI-AMS, the current system vendor, announced a major upgrade to their widely used financial and payroll/personnel systems approximately two years ago. After successfully implementing this in several jurisdictions, the vendor has announced their termination of support for the version the City uses. The City's current systems are in excess of 18 years old and are running on an obsolete mainframe computing platform. The mainframe is running on eight-year-old technology and is susceptible to more frequent hardware failures. This particular computing platform is proprietary and parts and third-party service providers are becoming difficult to obtain.

CGI-AMS, will provide the City follow-on products to replace the current systems. These follow-on products are Web-based and utilize modern Web-portal and server-based technology. The upgraded software is without charge, but the City will incur significant costs for professional services, new hardware, and required third party software.

By moving forward with this upgrade project now, the vendor has offered some additional software at no cost. CGI-AMS will provide a $50,000 "starter-kit" to stream-line the design and implementation of the systems at no additional cost to the City. The vendor is also giving the City an $80,000 "e-

learning" training module, which would substantially reduce the professional services hours for training City employees. This module also lets staff repeat training if necessary and have self-paced learning.

Staff explored alternative systems and concluded software in this class would cost 1.5 – 2.5 times as much to acquire and implement. Such systems would also incur a long-term and costly reliance on consulting services.

The new software will enable the reengineering of some City business processes, particularly in the areas of purchasing and budgeting. This application suite is a Web-based, modern and user-friendly product, and compatible with software tools in common use. It will provide middle and senior managers with a clearer, more detailed, and timely view of revenue and expenditure events. The ad hoc query tools are far superior to those currently in place, as well.

This project has been delayed while CGI of Canada was acquiring the application vendor, AMS. Staff have now concluded negotiations with the new entity, CGI-AMS. The Finance and IT Departments are ready to move forward with the project to replace the financial and payroll/personnel systems.

Project
Staff recommends implementing the project in three phases:

Phase One (approx. 9 months)
1. Purchase of required AMS & third party software and server hardware.
2. Contracting with AMS for not more than 2500 hours of implementation support
3. Implementation of the financial system software.
4. Non CGI-AMS costs; server & database software & hardware   **$75,000.**
5. CGI-AMS Costs;
   a. New AMS reporting and ad hoc query tool $80,000
   b. Required third party tools   135,000
   c. AMS professional services @ $165 per hour (max 2500)   <u>412,500</u>
      $627,500

Total costs for Phase One   **$702,500**

CGI-AMS has offered the City an upgrade starter kit at no charge, which consists of templates, set-up assistance, and other services that CGI-AMS believes may reduce by a third or more the budgeted 2500 consulting hours required to implement the financial system. The starter kit enables City staff to assume responsibility for a greater share of the analysis, business process design, and implementation tasks usually done by AMS. Given the Finance & IT Department's expertise and familiarity with CGI-AMS' systems, staff believes this is a reasonable estimate of the potential savings.

Phase Two (approx. 6 months)
1. Install and implement the payroll/personnel system.
2. Non CGI-AMS costs;   None
3. CGI-AMS costs; professional services @ $165 per hour (max 1500) $247,500

Total costs for Phase Two   **$247,500**

Again, CGI-AMS anticipates the City may save up to one third of the professional services costs through the use of the upgrade starter kit.

Availability of funding:

The FY 2005 CIP has a total of $650,000 for this project, with $450,000 budgeted in FY 2005 and the remainder in FY 2006 (Financial System, 420-750-4B01). As indicated above, additional funds will need to be added to this project to cover all identified costs. Staff recommends that $200,000 of the undesignated fund balance at year-end FY 2004 be appropriated in FY 2005 for Phases One and Two of the financial system upgrade. With the addition of this amount, total project funding will be $850,000; this amount will be sufficient if the upgrade starter kit reduces the need for consulting services by 15%. If the use of the starter kit reduces the need for consulting services by one third, funds will be available for the purchase and implementation of some of the Phase Three modules. A budget amendment to appropriate the additional funds will be brought to the Mayor and Council in January. As noted in the first quarter financial report, approximately $1.5 million of undesignated fund balance is available for one-time uses in the operating budget or CIP.

Phase Three

Explore the potential benefits and costs of purchasing and implementing advanced budgeting, vendor self-service, and employee self-service modules from CGI-AMS.

Budget impact beyond the CIP project:

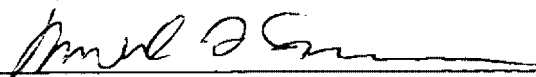Software maintenance fees to CGI-AMS will increase by approximately $42,000 per year after installation.

Hardware (periodic server replacement) will increase approx $13,000 per year.

Elimination of the obsolete platform will save approx. $12,000 per year.

Section 17-88 of the City Code allows the City to utilize a special procurement procedures if the Mayor and Council make a written determination that a unique or unusual circumstance exists that makes the competitive procurement process contrary to the City interests.

Therefore, approval of this agenda item will also include a finding by the Mayor and Council that the nature of this procurement and the cost savings to be realized justify the special procurement procedure.

PREPARED BY:

Mike Cannon, Director of Information & Technology

CONCUR:

Donna Boxer, Director of Finance   Date /30/04

Mike Cannon, Director of Information & Technology   Date 11/30/04

Eileen Morris, Contract Officer   Date 11/30/04

APPROVE: _____   _____

Scott Ullery, City Manager   Date

11/30/04

LIST OF ATTACHMENTS: